

W-02195B-10-0146



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ORIGINAL

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Investigator: Guadalupe Ortiz 2010 Phone: 3 P 4: 52

Fax:

Priority: Respond Within Five Days

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Opinion No. 2010 86897

Date: 5/12/2010

Complaint Description: 08A Rate Case Items - Opposed
N/A Not Applicable

Complaint By: First: John Last: Goulette

Account Name: John Goulette

Home:

Street:

Work:

City: Payson

CBR:

State: AZ Zip:

is:

Utility Company: Bonita Creek Land and Home Owners %Harry Viezens

Division: Water

Contact Name:

Contact Phone:

Nature of Complaint:

*****ALSO REFER TO ACC COMPLAINT NO. 2009 -
83495*****

RE: Docket No. W-02195B-10-0146

Customer is calling to inform the Commission that he is opposed to the above referenced docket. Customer will be forwarding his comments related to this matter to me via email.

5/13/2010 - Email Received - Opinion Opposed:

From: John Goulette [mailto:
Sent: Thursday, May 13, 2010 8:17 AM
To: Guadalupe Ortiz
Subject: Opinion on transfer of assets Docket # W-02195B-10-0146

DATE: May 13, 2010

Opinion on the transfer of assets and its Certificate of Convenience and Necessity (CCN) of the Bonita Creek Land and Homeowners water company PWS # 04-024 by the Bonita Creek Land and Homeowners Association ("BCLHA") to Bonita Creek Property and Preservation Association ("BCPPA").

BY:
John Goulette

Payson, AZ

Arizona Corporation Commission
DOCKETED

MAY 13 2010

DOCKETED BY
[Signature]

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

I am opposed to the sale and transfer asked for in Docket # W-02195B-10-0146.

A petition was sent to Mr Brad Morton of the ACC (Arizona Corporation Commission) on 12-1-2009 with signatures of property owners requesting that ACC take another look at Docket # U-2195-95-494; Decision # 59548 (Please add Petition and Docket to opinion). In March 1996, the Commission was going to order the Water Company to be separated from the BCLHA with its own board as a separate entity. At the time the Commission decided not to order the separation because of the volunteer effort of the community to keep the water company solvent.

In addition to the signed petition a survey was sent out to email addresses that I had (80+) to get a second view for what the community was feeling. There were 47 responses of which 37 (80%) were in favor of separation 8 (17%) were not in favor of separation 1 unsure 1 other.

In the petition it was pointed out that the membership had not voted for a name change and the association was collecting checks with dues payable to BCPPA but, still filing annual corporation reports under BCLHA. I feel that taking money from BCLHA and transferring it to BCPPA is a misappropriation of funds. Mr Morton was going to look into the misappropriation and take care of this matter. In an email to me from Mr William Glaunsinger he states that the four board members voted in 2005 unanimously for the name change. One of the board members he names wasn't even on the board in 2005, according to the Annual Corporation Reports, and the other two say they weren't for the name change and never voted. Even if it were true that the board voted to change the name, it still isn't the membership voting which is required under the Constitution and By-Laws of the association. Mr Morton informed me that the ACC can't do anything about the board, that the membership would have to take care of the matter or it was suggested that I might get advice from a utilities lawyer.

I also have the invitation, which included the agenda, that was sent out to the community to the 2004 Annual Meeting which I have attached (please add to opinion), that showed that the board had changed the name already and to make checks out to BCPPA. The agenda for the meeting shows that no vote was held by the membership to change the name.

This brings me to the NON-PROFIT CORPORATION ARTICLES OF AMENDMENT that was filed JAN 2010 file # 02271665 by Mr Glaunsinger with which I have issues. First, there hasn't been a BCLHA board since 2004 so how can he claim he is the President of BCLHA? Second, HOW can the amendment be duly adopted by act of the members if the membership DID NOT VOTE?

The water company was formed in 1956 and was originally going to be a system for the whole 160 acre community. When Unit II of Bonita Creek was developed in 1976, buyers received the HUD report which I have attached (please add to opinion) that indicates the Arizona Water Commissioner found the water supply inadequate and lots in that unit were sold without a domestic water system. At this time the CCN (Certificate of Convenience and Necessity) should have been amended to reflect the HUD report.

The Water Company installed a fire hydrant and upon testing it was discovered that the use of the hydrant creates a vacuum in the water main resulting in a loss of water for customers and sucking in of contaminants. The hydrant was installed without an ATC (Approval to Construct) and at this time the ADEQ (Arizona Department of Environment Quality) is evaluating the two questions I have asked them. Is the Water Company in compliance? Will the fire hydrant need to be removed? Karen Berry with ADEQ will inform me when they have a decision but for now the hydrant isn't supposed to be used. I believe the use of the hydrant after the discovery was poor management on the part of the board who appears to be more concerned with the fire district agenda than the safety of the water system and its water customers.

In conclusion, I would request that the Commission postpone the vote until the internal problems of the community can be resolved. Our annual meeting is in September and we intend to get a lot of these issues on the agenda for that meeting. The community wants a water company that is responsive to its customers first and a board whose only agenda is the delivery of safe water to its customers. The membership of the community

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

needs to be able to vote on this issue and I think that a transfer will not be needed once a vote of the membership is taken.

Thank You
John Goulette

ATTACHED - HUD REPORT
2004 ANNUAL LETTER
End of Complaint

Utilities' Response:

N/A
End of Response

Investigator's Comments and Disposition:

Opinion docketed with the Docket Control Center of the Commission to be made part of the record. CLOSED
End of Comments

Date Completed: 5/13/2010

Opinion No. 2010 - 86897

PROPERTY REPORT

NOTICE AND DISCLAIMER BY OFFICE OF INTERSTATE LAND SALES REGISTRATION U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The Interstate Land Sales Full Disclosure Act specifically prohibits any representation to the effect that the Federal Government has in any way passed upon the merits of, or given approval to this subdivision, or passed upon the value, if any, of the property.

It is unlawful for anyone to make, or cause to be made to any prospective purchaser, any representation contrary to the foregoing or any representations which differ from the statements in this property report. If any such representations are made, please notify the Office of Interstate Land Sales Registration at the following address:

Office of Interstate Land Sales Registration,
HUD Building, 451 Seventh Street SW,
Washington, D.C. 20410.

Inspect the property and read all documents. Seek professional advice.

Unless you received this property report prior to the time you enter into a contract, you may void the contract by notice to the seller.

If you received the Property Report less than 48 hours prior to signing a contract or agreement you have until midnight of the third business day following the consummation of the transaction to revoke your contract by notice to the seller.

1. Name(s) of Developer: GERALD L. GRAHAM and FREDNA D. GRAHAM
Address: 318 West Moon Valley Drive
Phoenix, AZ
2. Name of Subdivision: Bonita Creek Unit II
Location: Gila County, State of Arizona

(a) Effective date of Property Report: July 22, 1976

IMPORTANT READ CAREFULLY

Name of subdivision: Bonita Creek Unit II

By signing this receipt you acknowledge that you have received a copy of the property report prepared pursuant to the Rules and Regulations of the Office of Interstate Land Sales Registration, U.S. Department of Housing and Urban Development.

Received by
Street Address.....
Date
City
Zip

Notwithstanding your signature by which you acknowledged that you received the Property Report you still have other important rights under the Interstate Land Sales Full Disclosure Act.

WARNING: THE DEVELOPER IS NOT LEGALLY OBLIGATED FOR SOME OF THE PROPOSALS WHICH HE HAS INCLUDED IN THIS PROPERTY REPORT.

X WARNING: YOU ARE ADVISED THAT THE ARIZONA WATER COMMISSION HAS FOUND THE WATER SUPPLY TO BE INADEQUATE TO MEET THE NEEDS OF THIS SUBDIVISION. YOUR ATTENTION IS DIRECTED PARTICULARLY TO QUESTION 10(b)(1) OF THIS REPORT.

X WARNING: YOU ARE ADVISED THAT ACCESS TO THIS SUBDIVISION MAY BE IMPAIRED DURING PERIODS OF SEVERE WEATHER. YOUR ATTENTION IS DIRECTED PARTICULARLY TO QUESTION 17 OF THIS REPORT.

2. (b) THIS OFFERING CONSISTS OF:

Lots 33 through 69, Bonita Creek Unit II, according to Map No. 532, records of Gila County, Arizona.

A total of 37 lots are included within this offering and comprise all of the lots within Bonita Creek Unit II.

3. LIST NAMES AND POPULATIONS OF SURROUNDING COMMUNITIES AND LIST DISTANCES OVER PAVED AND UNPAVED ROADS TO THE SUBDIVISION.

	NAME OF COMMUNITY	POPULATION	DISTANCE OVER PAVED ROADS	UNPAVED ROADS	TOTAL
a.	Payson	3,000	14 miles	11 miles	25 miles
b.	Globe	10,000	87 miles	22 miles	109 miles
c.	Phoenix	667,000	89 miles	11 miles	100 miles

4. COMPLETE ALL ITEMS UNDER THIS PARAGRAPH REGARDLESS OF WHETHER THE SALE WILL BE AN INSTALLMENT OR CASH SALE.

(a) WILL THE SALES CONTRACT BE RECORDABLE? YES OR NO?

Yes, the sales contract is recordable.

(b) IN THE ABSENCE OF RECORDING THE CONTRACT OR DEED, COULD THIRD PARTIES OR CREDITORS OF ANY PERSON HAVING AN INTEREST IN THE LAND ACQUIRE TITLE TO THE PROPERTY FREE OF ANY OBLIGATION TO DELIVER A DEED? YES OR NO? EXPLAIN.

Yes, however, your down payment will be set aside in a trust or escrow account and it will be returned to you if the developer cannot provide clear title at the time of transfer of title.

(c) STATE WHETHER AND/OR WHEN THE CONTRACT OR DEED WILL BE RECORDED, AND WHO WILL RECORD IT. STATE WHO WILL BEAR THE COSTS OF RECORDATION, AND THE AMOUNT IF THOSE COSTS ARE TO BE BORNE BY THE PURCHASER.

Subsequent to your execution of the sales contract, an escrow will be established with Transamerica Title Insurance Company, a bonded escrow and title insurance company, licensed to do business within the State of Arizona. Your earnest money deposit should be made payable to this company. Within sixty (60) days from date of execution of the sales contract, the escrow agent will record the sales contract (on installment sales) or the Special Warranty Deed (on cash sales).

The cost of recordation of either of these documents is \$2.00 and this cost will be your obligation. Subsequent to recordation of the sales contract or Special Warranty Deed, the document will be mailed to you by the Gila County Recorder's Office in Globe, Arizona.

- (d) WHAT PROVISION, IF ANY, HAS BEEN MADE FOR REFUNDS IF BUYER DEFAULTS? IF NONE, AND THE BUYERS PAYMENTS ARE TO BE RETAINED, STATE WHETHER HIS LOSS WILL BE LIMITED TO THE AMOUNT OF HIS PAYMENTS TO DATE, OR WHETHER HE WILL BE RESPONSIBLE TO THE DEVELOPER OR HIS ASSIGNEES FOR ADDITIONAL DAMAGES OR FOR THE BALANCE OF HIS CONTRACT.

None. There are no provisions for refund if you default under the terms of the sales contract. If you default prior to closing of the escrow, your earnest money deposit will be paid to the developer, as liquidated damages, and, generally, no further action will be taken by the developer. If you default after the closing of the escrow, the developer will expect the conditions of the sales contract to be satisfied in full. Failure to satisfy the terms of the sales contract may result in forfeiture of your interest in the lot purchased and loss of all monies paid under the purchase contract. Alternatively, the developer may institute an action against you for specific performance of the terms of the contract, for damages, or for any other right or remedy developer may have under the sales contract, at law or in equity, all of which rights shall be cumulative.

- (e) STATE PREPAYMENT PENALTIES OR PRIVILEGES, IF ANY.

There are no prepayment penalties. On installment sales you may prepay the unpaid portion of the sales contract at any time. In the event of prepayment, interest at the rate charged under the sales contract will be calculated on the remaining unpaid balance from the date of the last interest payment to the date of prepayment, and the balance of the prepayment will be applied to the remaining unpaid principal balance. The developer, at its sole discretion, reserves the right to offer prepayment inducements from time to time.

5. IS THERE A BLANKET MORTGAGE OR OTHER LIEN ON THE SUBDIVISION OR PORTION THEREOF IN WHICH THE SUBJECT PROPERTY IS LOCATED? YES OR NO? IF YES, LIST BELOW AND DESCRIBE ARRANGEMENTS, IF ANY, FOR PROTECTING INTERESTS OF THE BUYER IF THE DEVELOPER DEFAULTS IN PAYMENT OF THE LIEN OBLIGATION. IF THERE IS SUCH A BLANKET LIEN, DESCRIBE ARRANGEMENTS FOR RELEASE TO A BUYER OF INDIVIDUAL LOTS WHEN THE FULL PURCHASE PRICE IS PAID.

Yes, there is a blanket lien on Bonita Creek Unit II.

TYPE OF LIENEFFECT ON BUYER

Subdivision Trust Agreement
No. 95582 - unpaid principal
balance: \$43,386.85 (also
covers property other than
the 37 lots included within
this offering)

You may lose your financial
interest in the property

Subdivision Trust Agreement
No. 99826 - unpaid principal
balance: \$45,000.00

You may lose your financial
interest in the property

If the developer defaults prior to close of the escrow and recordation of the Special Warranty Deed (on cash sales) or recordation of the purchase agreement (on installment sales) you could lose your interest in the property, however, your earnest money would be refunded to you by the escrow agent. The terms of the Subdivision Trust Agreements provide that if the developer defaults subsequent to close of escrow and recordation of the Special Warranty Deed (on cash sales) or recordation of the purchase agreement (on installment sales), the lien holders are obligated to perform the developer's agreement with you, however, the Subdivision Trust Agreements are unrecorded and by reason thereof, are personal and do not run with the land, so you could lose your interest in the property and all monies you have paid towards the purchase of it.

6. DOES THE OFFERING CONTEMPLATE LEASES OF THE PROPERTY IN ADDITION TO, OR AS DISTINGUISHED FROM, SALES? YES OR NO? IF YES, A LEASE ADDENDUM MUST BE COMPLETED, ATTACHED, AND MADE A PART OF THE PROPERTY REPORT.

No, it is not contemplated that leases will be accepted for any lots within Bonita Creek Unit II.

7. IS BUYER TO PAY TAXES, SPECIAL ASSESSMENTS, OR TO MAKE PAYMENTS OF ANY KIND FOR THE MAINTENANCE OF COMMON FACILITIES IN THE SUBDIVISION (a) BEFORE TAKING TITLE OR SIGNING OF LEASE OR (b) AFTER TAKING TITLE OR SIGNING OF LEASE? IF YES, COMPLETE THE SCHEDULE BELOW.

(a) Yes, on installment sales you will be obligated to pay property taxes after close of escrow and recordation of the sales contract, but prior to taking title to the property, however, you will not be obligated to pay special assessments or to make payments of any kind for maintenance of common facilities in the subdivision, as there are no special assessments or common facilities. On cash sales, you will not be obligated to pay any taxes, special assessments, or to make any payments of any kind for the maintenance of common facilities in the subdivision before taking title.

(b) Yes, you will be obligated to pay property taxes after close of escrow and recordation of the Special Warranty Deed (on cash sales) or sales contract (on installment sales).

TAXES:

State and County
Property Taxes:

APPROXIMATE AMOUNT OF BUYER'S
OR LESSEE'S ANNUAL PAYMENTS

Developer estimates the approximate annual amount of taxes will range from \$50.00 to \$150.00. Consult local taxing authorities for precise amounts.

SPECIAL ASSESSMENTS:

None.

PAYMENT TO PROPERTY OWNERS'
ASSOCIATION:

None.

OTHER:

None.

SPECIFY:

Not applicable.

8. (a) WILL BUYER'S DOWNPAYMENT AND INSTALLMENT PAYMENTS BE PLACED IN ESCROW OR OTHERWISE SET ASIDE? YES OR NO? IF YES, WITH WHOM? IF NOT, WILL TITLE BE HELD IN TRUST OR IN ESCROW?

Yes, your down payment will be placed in escrow with Transamerica Title Insurance Company, until recordation of the Special Warranty Deed (on cash sales) or the sales contract (on installment sales). Title to the property is held in trust by Continental Service Corporation. Upon close of escrow, the proceeds of the sale, less developer's closing costs, will be paid by Escrow Agent to Continental Service Corporation, as Trustee. You will pay all future payments (on installment sales) directly to Continental Service Corporation, as Trustee.

- (b) EXCEPT FOR THOSE PROPERTY RESERVATIONS WHICH LAND DEVELOPERS COMMONLY CONVEY OR DEDICATE TO LOCAL BODIES OR PUBLIC UTILITIES FOR THE PURPOSE OF BRINGING PUBLIC SERVICES TO THE LAND BEING DEVELOPED, WILL BUYER RECEIVE A DEED FREE OF EXCEPTIONS? YES OR NO? IF NO, LIST ALL RESTRICTIONS, EASEMENTS, COVENANTS, RESERVATIONS AND THEIR EFFECT UPON BUYER.

No, Declaration of Restrictions has been recorded against the lots within Bonita Creek Unit II. Briefly, this Declaration imposes certain limitations on the use of lots within Bonita Creek Unit II. A copy of the Declaration of Restrictions is attached to this Property Report. (See Exhibit "B").

There are also easements against certain of the lots, as shown on the recorded Subdivision Map of Bonita Creek Unit II. These easements are as follows:

A 20 foot pedestrian and equestrian easement along Bonita Creek; affects lots 33 through 43.

A 5 foot easement for pedestrian and equestrian; affects lots 36 and 37.

A 10 foot easement for pedestrian, equestrian and drainage; affects lots 42 and 43.

A 10 foot drainage, pedestrian and equestrian easement; affects lots 54 and 55.

A 25 foot easement for ingress and egress, affects lot 34.

- X (c) LIST THE PERMISSIBLE USES OF THE PROPERTY BASED UPON THE RESTRICTIVE COVENANTS, AND WHICH ARE CONSISTENT WITH LOCAL ZONING ORDINANCES.

Lots within Bonita Creek Unit II are not restricted by zoning ordinances, however, the Declaration of Restrictions restricts the use of such lots to single-family residential lots having ground floor areas of not less than 700 sq. ft., exclusive of open porches, pergolas, or attached garage, if any. These restrictions also restrict the type of house you may build and how close you may construct it to the lot lines. The keeping of horses and the construction of related facilities is permitted with certain limitations. Through these restrictions, the developer reserves the right to approve all architectural designs, dimensions and class of materials to be used. Proposed construction must be submitted to and have the approval of the developer before any construction is undertaken. The developer may alter your plans to build on or to use your lot. The developer is not required to relinquish this control at any particular time, however, the developer has reserved the right to transfer such control. Until the event of the transfer of such control, the developer has the controlling interest for architectural approval.

You will be required to obtain a building permit before being able to construct on your lot. Building permits are obtained from:

Gila County Planning and Zoning Commission
Globe, Arizona

- (d) LIST ALL EXISTING OR PROPOSED UNUSUAL CONDITIONS RELATING TO THE LOCATION OF THE SUBDIVISION AND TO NOISE, SAFETY OR OTHER NUISANCES WHICH AFFECT OR MIGHT AFFECT THE SUBDIVISION.

Lots 33 through 43 of Bonita Creek Unit II are located along the banks of Bonita Creek which is in essence a small brook, five to ten feet in total width, which flows year round. A 100 year rain storm will be contained within the banks of the existing creek. There exists a 50 foot wide building set back requirement from the creek and any buildings outside this area would not be affected by the 100 year rain storm.

Bonita Creek Unit II is not included within any 100 year flood plain, nor is it in any designated area to be flood prone as identified by the Federal Insurance Administration.

Bonita Creek Unit II is located within the center of Tonto National Forest and by reason thereof, it is subject to the possibility of forest fires.

Bonita Creek Unit II is not subject to hurricanes, tornados, earthquakes, mud slides, avalanches or volcanic eruptions.

The area in which Bonita Creek Unit II is located has not been identified by any Federal, State or local agency as being subject to any special natural hazards and is not subject to any special land requirements which will restrict development or entail unusual development or maintenance expense.

Bonita Creek Unit II is not affected by any unusual or unpleasant noise, odors, pollutants, or other nuisances. The developer knows of no unusual safety factors or any proposed plans, private or governmental, for the construction of any facility which may tend to create a nuisance or to adversely affect the use of the lots within Bonita Creek Unit II.

9. LIST ALL RECREATIONAL FACILITIES CURRENTLY AVAILABLE, PROPOSED, OR PARTLY COMPLETED (i.e. SWIMMING POOLS, GOLF COURSES, SKI SLOPES, ETC.) AND COMPLETE THE FOLLOWING FORMAT FOR EACH FACILITY:

i.	ii.	iii.	iv.	v.	vi.
FACILITY	% COM- PLETE	ESTIMATED COMPLE- TION DATE	FINANCIAL ASSURANCE OF COMPLE- TION	DEVELO- PER OB- LIGATED?	BUYER'S COSTS OR ASSESS- MENTS

STATE WHO WILL OWN THE FACILITIES.

There are no recreational facilities currently available, proposed, or partly completed.

10. STATE AVAILABILITY OF THE FOLLOWING IN THE SUBDIVISION: STATE ANY ESTIMATED COSTS OR ASSESSMENTS TO BUYER. IF ONLY PROPOSED OR PARTLY COMPLETED, STATE ESTIMATED COMPLETION DATE, STATE PROVISIONS TO ASSURE COMPLETION, AND GIVE AN ESTIMATE OF ALL COSTS TO BUYER, INCLUDING MAINTENANCE COSTS.

(a) ROADS:

(1) ACCESS:

PAVED: The present condition of access to Bonita Creek Unit II is from Arizona State Highway No. 260 which is a two-lane highway paved to a width of 24 feet.

UNPAVED: From Arizona State Highway No. 260, the present condition of access to Bonita Creek Unit II is via an eleven mile distance of U.S. Forest Service Road (Tonto National Forest Road No. 64), commonly referred to as the "Control Road". The first seven miles of the Control Road is surfaced with decomposed granite to a width of 15 feet or more. The remaining four miles of the Control Road is dirt road, graded to a width of 15 feet or more. The State of Arizona maintains Highway 260 and Gila County maintains the Control Road. The lot purchasers will not be obligated to pay any portion of the maintenance costs of these roads.

(2) ROAD SYSTEM WITHIN THE SUBDIVISION:

PAVED: None.

UNPAVED: The road system within Bonita Creek Unit II is presently under construction. All roads are two lane and have been cut to a width of approximately 24 feet. The easements to provide access to lots 33 and 51 through 54 have not, as yet, been cut. The dedicated rights-of-way for all roads are 50 feet. The easements to provide access to lots 33 and 51 through 54 are 25 feet.

To complete the road system within Bonita Creek Unit II, the developer proposes to install two corrugated metal culverts, blade the roads and surface them with 4 inches of decomposed granite to meet Gila County minimum standards of design and construction. In addition, the developer proposes to cut, blade and lightly surface with decomposed granite the easements to provide access to lots 33 and 51 through 54. The developer estimates that the road system is approximately 60% complete, and that completion of the entire system will be made on or before October 1, 1978.

The developer has entered into a Trust Instruction, approved by Gila County Board of Supervisors, wherein a portion of the purchase price of each lot will be impounded and held in trust to insure completion of the road system. Other than this Trust Instruction, there is no other assurance for completion of the road system. You are advised that inasmuch as the funding of the Trust Instruction is dependent upon future lot sales, there is no assurance that a sufficient number of lots will be sold to meet the cost of completing the roads and that the roads may not be completed.

If the roads are completed to meet Gila County minimum standards of design and construction, the road system, except the easements to provide access to lots 33 and 51 through 54, will be accepted by Gila County for maintenance. If the roads are not completed to meet Gila County minimum standards of design and construction, the developer is not obligated to maintain the road system and he has not set aside any money or entered into any escrow or trust arrangement in order to assure continued maintenance of the roads during the life of the subdivision. You are advised that if the road system is not completed to meet Gila County minimum standards of design and construction, you may be required to pay all or a part of the cost of maintaining the roads in the subdivision.

Maintenance of the easements to provide access to lots 33 and 51 through 54 will be the obligation of the lot purchasers of lots 33 and 51 through 54. The developer estimates that due to limited use of such easements, no, or extremely little, maintenance to these easements will be required. You are advised that if you purchase lot 33, 51, 52, 53 or 54, you will be required to pay all or part of whatever cost is required to maintain the easement to provide access to the lot you purchase.

(b) UTILITIES:

- (1) WATER: Lots within Bonita Creek Unit II are being sold without a domestic water supply. Wells for a water supply will have to be drilled by the individual lot purchasers. The developer estimates that water should be available to such wells at a depth of approximately 230 feet, and such wells should produce five to ten gallons of water per minute of suitable quality for domestic use. Data is lacking with which to predict the dependability of the water supply available to such wells. Thus, the Arizona Water Commissioner has found that the water supply is inadequate to meet the needs of the subdivision.

WELLS AT 300'
PRODUCE 250 TO 300
GALLONS PER DAY.
COST WITH STORAGE
TANK'S AND PUMPING
SYSTEM'S ABOUT
\$5000.

WELL AT LOT #60
OWNED BY J.O. SIBERT

The developer estimates that the current total cost for completion of a cased well six inches in diameter, drilled to a depth of 230 feet, and fitted with appropriate sized pumping equipment to produce five to ten gallons of water per minute should be approximately \$2,500.00.

- (2) ELECTRICITY: Service is supplied by Arizona Public Service, 821 North Beeline Highway, Payson, Arizona, a public utility regulated by the Arizona Corporation Commission. Electrical facilities are located adjacent to the approximately Northeast corner and the Southwest corner of Bonita Creek Unit II, however, such facilities have not been extended to the lots within Bonita Creek Unit II at this time. Arizona Public Service will extend electrical facilities to individual lots within Bonita Creek Unit II in accordance with its regular extension policy. Cost of extension of such facilities will be your obligation, however, the first 1,000 feet of distribution line extension (from the nearest facility) and the first 150 feet of service line extension will be provided by Arizona Public Service at no cost. Additional footage from 1,000 feet to 5,000 feet will cost you \$0.75 per foot for distribution line; \$0.25 per foot for service line; and \$45.00 per service pole. In addition, you will be obligated to pay a connection charge at \$9.30. The developer states that there is no lot within Bonita Creek Unit II which is farther than 1,360 feet from existing service. The developer estimates that the cost of electrical line extension to the most remote lot within Bonita Creek Unit II would be approximately \$315.00, plus a connection charge of \$9.30. Cost of service to you will be subject to applicable rates and schedule established by the utility, with the approval of the Arizona Corporation Commission.

Dear Bonita Creek Property Owners,

By means of this letter we would like to invite you join us for the **Association meeting** to be held **Sat., Sept. 4th at 4:00 pm at the Washburn residence** on Myrtle Point trail. There will be a special presentation that you won't want to miss! The meeting will be followed with a barbeque (hotdogs and hamburgers) and an excellent opportunity to interact with your neighbors . Please bring a side dish of your choosing.

The Board has voted to change the Association's name to **Bonita Creek Property and Preservation Association** to more adequately reflect its purpose and to keep the annual dues at \$65.00/ lot. Dues can be sent to Bonita Creek Property & Preservation Association, HC 7 box 271 R, Payson, Az 85541 by September 4, 2004 or you can contribute at the annual meeting.

It is evident from the list of primary accomplishments below that the Association has been very active again this year. The Association is trying to address those issues that are most important to the community and we NEED YOUR SUPPORT to continue our efforts.

- *Continued clearing of the 431 entrance road creating a more extended fire break.*
- *Community effort to clear private land and the hiring of a chipping service to remove and chip wood debris. These chippings are decaying nicely and will be useful next year as mulch to reduce property owners' outside watering needs.*
- *Maintenance of the Bonita Creek trail.*
- *Construction of 3 bridges across the creek to facilitate hiking the trail*
- *New rate structures for the Bonita Creek Water Company allowing the company to operate in the black and to schedule some long needed maintenance.*
- *Maintenance and improvement of the Bonita Creek website.*
- *New topping and grading of the Bonita Creek subdivision roads.*
- *Establishment of a Curtailment Tariff (water use alert).*
- *Documentation and clarification of Board Member responsibilities.*
- *Organization of all Bonita Creek records.*
- *Board approval for the Association name change.*
- *Continuation of Cooperative efforts with the Forest Service as well as the use of the Pearly pit for wood debris drop-off.*
- *Beginnings of an ATV plan to provide marked trails close to the subdivision for all riders.*
- *Beginnings of a water conservation plan to insure the careful use of one of our most precious resources.*
- *911 rural road name changes and distribution of home address numbers. (if you haven't received your BC address house number, you may pick it up at the annual meeting. This number must be posted on your property by the end of September).*

On the back of this letter is the agenda for the annual meeting. If you would like to place any additions to this agenda please e-mail your ideas to the list serve before the meeting by accessing the website.

Sincerely,

Bill Glaunsinger BCPPA President

ANNUAL MEETING AGENDA
Bonita Creek Property and Preservation Association
Sept. 4, 2004 4:00 PM
Washburn residence, Myrtle Point Trail

- I. Call to order- Bill Glaunsinger
- II. Approval of June and August Board meeting minutes- Board
- III. Director's reports
 - A. Communications Director- Dave Kelley
 - B. Environmental Director- Marcia Viezens
 - C. Road Director- Fred Washburn
 - D. Water Director- Fred Washburn
- IV. Treasurer's report - Linda Soto.
- V. Old Business- Bill
 - A. Truck sale
 - B. Entrance sign
- VI. New business
 - A. Summary of water rights discussion with SRP- Bill
 - B. Fire prevention effort for 2004-05 year
 - 1. Continuation of 431 road clearing effort- Lorna Stulen-Glaunsinger
 - 2. Chippings available for community use as mulch- Lorna
 - 3. Fire protection clearing efforts by property owners- Marcia
 - 4. Possible purchase of a water trailer with pump for community fire protection- Bill
 - C. 911 addressing and new street name signs - Linda
 - D. ATV Plan - Bill
- VII. Election results- Lorna
- VIII. Adjournment- Bill